

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FPC-01 H-02 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-15
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TAGS: ENRG, EALR, BENC, BEXP, MX

SUBJECT: JLP'S COMMENTS ON OIL IN THE ANNUAL STATE OF
THE UNION ADDRESS

"1. IN TODAY'S WORLD, COUNTRIES CAN BE DIVIDED INTO
THOSE WHICH HAVE PETROLEUM AND THOSE WHICH DO NOT. WE
HAVE IT.

2. ONCE AGAIN IN OUR HISTORY, ENHANCING THE IMAGE OF THE
MAN WHO NATIONALIZED IT - LAZARO CARDENAS - OIL HAS
BECOME THE MOST IMPORTANT PILLAR OF OUR ECONOMIC INDEPEN-
DENCE AND A COMPENSATING FACTOR FOR OUR CRITICAL DEFICI-
CIENCIES, BUT THIS WILL ONLY BE SO IF WE ACT WITH MODERA-
TION AND SKILL.

3. THE LATEST ESTIMATES INDICATE THAT MEXICO HAS PROVEN
RESERVES OF MORE THAN 14 BILLION BARRELS, INCLUDING THE 10
BILLION BARRELS CONFIRMED IN RECENT MONTHS. THIS FIGURE
DOES NOT TAKE INTO ACCOUNT SOME PROMISING OIL FIELDS WHICH
HAVE NOT YET BEEN QUANTIFIED.

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4. EVERYTHING SEEMS TO INDICATE THAT IN A FEW YEARS TIME
MEXICO WILL BECOME AN OIL-PRODUCING COUNTRY OF RELATIVE
IMPORTANCE AT THE INTERNATIONAL LEVEL.

5. IN OUR PROGRAM WE INCLUDE THE INDUSTRIALIZATION OF
HYDROCARBONS AS AN ESSENTIAL PART OF THE ENERGY INFRA-

STRUCTURE. WE ARE GOING TO DOUBLE OUR REFINING AND TRANSPORTATION CAPACITY AND MORE THAN TRIPLE OUR PETROCHEMICAL PRODUCTION. THIS CALLS FOR SO LARGE AN INVESTMENT THAT IF WE WERE TO TAKE ONLY DOMESTIC CONSUMPTION OF SUCH PRODUCTS INTO ACCOUNT, IT WOULD NOT BE POSSIBLE TO DRAW UP ANY SENSIBLE PLAN OF FINANCING; WE MUST THEREFORE BEGIN EXPANDING OUR ROLE IN THE WORLD MARKET.

6. LAST MAY WE REACHED A RECORD-BREAKING FIGURE OF 1 MILLION BARRELS DAILY, OF WHICH APPROXIMATELY ONE-SIXTH WAS EXPORTED. DURING THE PERIOD IN QUESTION 496 BILLION CUBIC METERS OF GAS WERE EXTRACTED, WHILE ONLY 3 BILLION WERE EXPORTED. IN BOTH CASES, OIL AND GAS HAVE ALWAYS BEEN SOLD AT THE GOING MARKET PRICE AND SOMETIMES ABOVE IT.

7. THE RESERVES-PRODUCTION RATIO IS 27 YEARS, WHICH IS GREATER THAN THE INTERNATIONAL RATIO. THIS WILL ALLOW US TO OFFER SOLID COLLATERAL FOR OUR COMMITMENTS WITHOUT HAVING TO DEPEND ON FUTURE DISCOVERIES WHICH APPEAR IMMINENT. IT IS FOR THIS REASON THAT WE ENJOY GOOD CREDIT STANDING AND ARE ENTHUSIASTIC ABOUT THE FUTURE.

8. THIS PROGRAM WILL BECOME A POWERFUL INSTRUMENT FOR THE FUTURE GROWTH OF OUR ENTIRE INDUSTRIAL SECTOR BY GUARANTEEING A DEGREE OF ECONOMIC INDEPENDENCE SUCH AS THE COUNTRY HAS NEVER KNOWN. BUT WE CANNOT AND MUST NOT BE UNCLASSIFIED

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TOO EXTREME; WE MUST NEITHER CLOSE THE VALVES AND END BY DROWNING IN A SEA OF ABSURDITY, NOR OPEN THEM SO WIDE THAT WE DISSIPATE OUR WEALTH LIKE ANY NOUVEAU RICHE. PETROLEUM IS A RESOURCE THAT SOONER OR LATER WILL BE EXHAUSTED, AND IT WOULD BE STUBBORN TO THINK THAT WHEN THE WORLD'S RESERVES COME TO AN END, MEXICO WILL CONTINUE TO BE A GREATER PRODUCER. FROM WHAT WE KNOW ABOUT SUBSOIL, THE PETROLEUM WILL LAST FOR 50 YEARS, PERHAPS EVEN MORE. DURING THE PERIOD SPENT IN LOOKING FOR ALTERNATIVE SOURCES OF ENERGY, WE MUST HANDLE OUR OIL POTENTIAL IN SUCH A WAY AS TO BUILD AN INDUSTRY BASED ON OUR RENEWABLE RESOURCES, AIDED BY THE GROWING TECHNICAL INFRASTRUCTURE WHICH IS ALREADY A REALITY TODAY. IF USED AS FUEL OUR RESERVES WILL LAST HALF A CENTURY; USED AS PETROCHEMICAL PRODUCTS, AND WITH THE IMAGINATION AND EXPERIENCE OF OUR TECHNICIANS, MANY, MANY MORE GENERATIONS OF MEXICANS WILL BENEFIT FROM THIS SOURCE OF WEALTH.

9. TO THIS END WE MUST FIRST CONSIDER THE TOTAL OIL RESERVES NOT ONLY OF OUR OWN COUNTRY, BUT OF ALL PETROLEUM-PRODUCING COUNTRIES. WE MUST RATIONALIZE PRODUCTION AND TAKE PART IN EFFORTS TO FIND A JUST SOLUTION FOR ALL

COUNTRIES, DEVELOPED AND UNDERDEVELOPED ALIKE. CONSEQUENTLY, EXPLORATION, EXPLOITATION AND EXPORTING SHOULD BE SCIENTIFIC AND SENSIBLE, DETERMINED BY THE SIZE AND NATURE OF OUR DEPOSITS AND BY THE NEW TECHNOLOGIES THAT WILL GIVE US TIMELY INDICATIONS OF HOW TO DO IT BEST."
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Message Attributes

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Disposition Approved on Date:
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Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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